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II. INTERNAL MIGRATION

166
•464 The trend of migration toward expanding industrial centers is clearly observed in East China. Although many cities in Central-South China are being industrialized in the best and most rapid way the Communists know, in the East China Region there is more renovation of the already existing industries such as textile factories in Tsingtao (in Shantung Province) and Shanghai (Kiangsu Province). Toward these centers are moving many people and their families. Some had worked in the cities and had acquired some technical training, and now are returning to the reopened plants Although new industries in the Central-South and Southwest regions are only hiring new workers, the migration toward such cities as Shanghai has a somewhat different character -- and this may be described as a "two-way" migration. Shanghai, for example, had been the source of skilled labor before World War II during the short period of industrial boom in China. Now the Communist authorities are using places like Shanghai once again as training grounds for experienced labor. Whether this is economically sound or not is another question, but the fact remains that the Communists have been encouraging available manpower to move into town from the countryside. After a period these trained and semi-trained personnel are dispatched to new industrial centers in the southwest, northwest, and northeast. Not only workers are so encouraged, but labor organizers, union personnel, and other political activists are apprenticed in places like Shanghai before

166 assignment to the less industrialized localities
464 both inside and outside the region.

166 Relocation of industrial plants for expansion and
464 construction of sumptuous "cultural palaces" and
178 exhibition halls require a great amount of manpower in Shanghai; in China today human brawn continues to be employed instead of machines. (For the expansion of Shanghai, see chapter on Geographical Setting.) An even greater amount of manpower is mustered in order to keep in repair the dikes along the Huai River in Anhwei Province. The flood-control project on the Huai River began over five years ago, and in its initial stage 4.5 million people were employed.[11] The irrigation projects in northern Kiangsu need workers, the dredging of the Grand Canal needs workers. And when these projects are brought to a conclusion, there will be further development of the railway system, which suffered considerable damage during the war. There will be harbor construction projects, some of which were propoaed as early as Dr. Sun Yat-sen's administration and most of which have been featured in the Communists' blueprint for long-range reconstruction. Millions of people in this region will be kept busy moving from one project to another, and they will constitute one of the mainstreams of internal migration.

166 As has been mentioned in the foregoing paragraphs,
464 the movement of the people

11. Chih Huai [The Harnessing of the Hwai River] Shanghai, Hua-tung jen-min ch'u-pan-she, 1952; Hua-chiao Jih-pao [China Daily News], New York. Aug., 1955.

166 •464 within this region is not and cannot be completely controlled by the government, no matter how authoritarian the latter may be. According to some anti-Communist sources, the employment situation in Shanghai is by no means completely under control. The unanswered question of Shanghai's unemployment as a factor disturbing to the Communist scheme of concentration of available labor for training in Shanghai's factories as well as similar factors will continue to disrupt this general pattern of internal migration. Anti-Communist sources also said that in the summer of 1955 the authorities in Shanghai had to resort to "persuasion" and possibly more drastic measures to return a part of the steady flow of workers to the countryside to resume farming. Additional trains were reported to have been scheduled daily to ship these "surplus" people from Shanghai.[12] If it were possible to substantiate these anti-Communist reports, which originate from Hong Kong then it would be possible to say that internal migration in the East China Region will remain a difficult problem for the present regime.

166 Recently Communist authorities have been enforcing the registration of the movement of population, including the movement of individuals from town to town. The general effects of this tightening of regulations seems to be a lessening of the flow of internal migration.

12. Asia Foundation News Bulletin, Aug. 12, 1955.

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135 178 Ma-an-shan plant in Anhwei.[4] As for other industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the 433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

leisure but are not given the opportunity to enjoy them. Raja Hutheesing, traveling in China in 1951, heard factory whistles blow to signal the end of the working day in Nanking, but saw no workers leaving the factory. He was told that the workers had remained to join in a political discussion.[53] In the Communist China regime, even "leisure" comes under the control of the Party, and many workers may spend sixteen hours a day in the factory at work or attending compulsory meetings.

VIII. UNEMPLOYMENT IN SHANGHAI

Since the Constitution of Communist China promises the right to work, the Chinese Communists have maintained that unemployment as it exists in Mainland China is a legacy of their "capitalist predecessors," soon to disappear under a socialist society.

The most serious unemployment situation in Communist China exists in Shanghai. After the Communists assumed control in 1949, many factories in Shanghai were closed for lack of raw materials. Some factories have changed their line of business. For example, a Coca Cola factory was remodeled to produce soya bean sauce. During economic reshuffling in Shanghai in 1949 and 1950, unemployed workers (and their dependents) were estimated at 500,000. In early 1950, the Shanghai Federation of Trade Unions established a "Relief Fund Trust Committee" to collect contributions from workers

53. Raja Hutheesing, The Great Peace, Harper, New York, 1953, p. 118.

464 throughout China to help those unemployed workers who were in urgent need. In June 1950, the "Provisional Relief Committee for Shanghai Unemployed" was established to register the unemployed, train them for new occupations, and to launch the Back-to-the-Villages Campaign. From July 1950 to April 1954, more than 263,000 unemployed workers were reported to have obtained permanent jobs through the labor bureau of the Shanghai municipal government.[54]

The recently intensified Back-to-the-Villages Campaign in Shanghai[55] indicates that unemployment in that city has increased, in spite of the claims of the Chinese Communists. According to Communist statistics, the population of Shanghai increased from 5,000,000 in 1950 to 7,000,000 in April 1955. Only some 2,500,000 people have regular jobs; the remaining 4,500,000 are jobless. An intensified Back-to-the-Villages Campaign began in the summer of 1955; approximately 300,000 persons left the city each day at the height of the campaign. It was the Communists' intention to reduce the Shanghai population by one-seventh. To remove "non-productive" surplus population from Shanghai has been a constant preoccupation of the Communists since they assumed control of that problem city in May 1949, and it will remain a problem facing the Communists for a long time to come.

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54. Liberation Daily, June 28,1954; quoted in Survey Mainland China Press, Hong Kong, Sept. 23, 1954, No. 894, p. 6.

55. New York Times, Sept. 4, 1955, p. 4; Union Research Service, Hong Kong, Sept. 16, 1955, No. 1.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

This pattern was repeated in most of its details whenever trouble threatened in China, as it did for example in 1884–85 (war between France and China), 1900 (the Boxer Uprising), 1911 (the republican revolution), 1915–18 (the first world war and Japanese intervention in Shantung), 1926–27 (the northern campaign of the Kuomintang), 1932 (Japanese attack on Shanghai), and most of the period of anti-Japanese and civil war from 1937 to 1949. It of course affected the economic life of the city in fundamental fashion, and understandably speculation flourished. It also meant that the foreigners lived in a state of some uncertainty and insecurity, since what brought the city prosperity could also destroy it. A foreign resident complained about this in a letter to the editor of the *North China Daily News* (published in Shanghai) which was printed the day before the Japanese attack on Shanghai in 1937, in a sense the last day of foreign Shanghai's existence:

> Since I arrived in Shanghai some seventeen years ago I have been under arms as a member of the Volunteer Corps on a dozen different occasions in defense of the Settlement. Always these occasions have meant a cessation of business, a period of anxiety and possible danger, and no benefit to us as a community. 'Old stagers' of the mud-flat days will smile when one talks to them on the subject and say they have got used to the idea, but are we content to see this sort of thing continue indefinitely? We should organize ourselves as a community . . . that will enable us to have a more normal life. It is time the old idea that foreigners come to Shanghai for a few years and then go away with a fortune was abandoned. This is a place of permanent residence for most of us and we have a right to demand that same freedom and security which is the common possession of all civilized countries. . .[12]

The city's population, swollen periodically with refugees, was also an excellent source of cheap labor and an opportunity, or invitation, for labor abuses, especially after manufacturing became an important factor in the Shanghai economy during the twentieth century. The refugees had no bargaining power and lived in universal privation. Their presence in the labor force helped to account for the fact that factory conditions, wages and hours, and industrial

Slums were as acutely bad in Shanghai as anywhere else in the world.

from the center of town. The present Communist administration has turned the race course, symbol of the foreign occupation, into its chief parade ground.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

Sino-Japanese trade associations which were required to be formed for the purpose; no individual firm could make application for permits directly. Unit prices of power were increased by the Japanese-controlled, former American, Shanghai Power Company; coal, though controlled, was difficult to obtain at the official price and was very expensive on the black market. In consequence of all these factors many plants closed. Others still operated but on a reduced scale. Checks made by the Division in the Spring of 1942 indicated that only 55 per cent of former plants carried on, and these with only some 50 per cent of the former working force. Approximately 100 American- and British-owned plants, the most significant enterprises in the city with the exception of the textile mills, came under Japanese control. These were variously dealt with. Some continued operations fulfilling orders for military purposes. These included breweries, bakeries, cigarette plants and rubber shoe factories, as well as machine shops making subsidiary munition parts. Others produced goods for civilian use. Some were operated under direct Japanese control. Others continued to be operated by former foreign staffs under Japanese supervision and instruction.

Industry in Shanghai began to conform to the pattern laid down for it by the Asia Development Board, the instrument of the Japanese military forces of occupation in the economic field. A thorough survey of all plants employing 30 workers or more in the Settlement, of whatever national ownership, was completed by the Japanese Board by June 1942. Teams of experts went into all enterprises to examine the financial structure, the mechanical equipment, the production capacity, the raw materials and finished goods on hand. Thenceforth the Board determined which plants would operate and what goods they would produce.

The closure of so many plants created much unemployment. Many workers were induced by reduced fare concessions to return to the provinces. There were prolonged struggles on the part of discharged workers to obtain dismissal allowances adequate to finance their return home and to tide them over months in which they might try to adapt themselves to new means of livelihood. Only one month's earnings and a second month's to those who actually returned to the country, were, however, enunciated by the Japanese authorities as a standard, despite the efforts of the Division to secure a better arrangement.[1]

[1] [after December, 1941 -- Analyst]

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 CONDITIONS RULING IN industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

464 466 633 178 288

even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

751 with an entrance fee of CRB $3 per worker. The members of the committees which met regularly to consider matters in connection 466 with the clinics became by this very process more and more 633 informed and interested in the health of their employees. Con- 744 tributing factories, paying for service, wished to receive a return. They therefore welcomed the inspecting visits of nurses and doctors and generally complied with their suggestions.

Records of the incidence of sickness were kept by factories employing their own doctors and nurses and by the co-operative clinics. These records were regularly analysed by the Division. It was apparent that dietary deficiency diseases constituted the most frequent cause of illness among workers. Injuries to limbs were next on the list. Eye diseases including trachoma were frequent.

The co-operative clinic was also the centre from which managements could be taught the principles of proper feeding for workers, and workers could be taught some of the elementary principles of health. In a severe cholera epidemic in the summer of 1942, in addition to arranging for the inoculation against cholera of all workers in contributing factories, one clinic gave 1,500 workers associated with it instructions as to the cause of cholera.

466 To a western observer a discussion of industrial conditions 633 must surely refer to hours of work and rest days. While without legal authority it was possible to improve physical conditions of work, particularly in respect of safety and health issues, and to exercise influence upon the earnings of workers, compensation paid to them and so on, it was not possible to limit hours of work in the absence of a legal power to do so. In consequence, no progress has been made in this important phase of conditions of work. It may seem strange, too, to read that no control was exercised over the commencing age of work of young people, seeing that as long ago as 1922, twenty years since, the Council had, in response to public demands, appointed its Child Labour Commission. 464 There are fewer children at work now than there were then. They 633 are seldom met with in cotton textile mills which have of themselves found that the work of children is not good enough. But the fact must be admitted that, in the absence of legal compulsions, except in a few instances where the influence of the Division has induced the elimination of children in certain industries, as a general practice child labour still exists.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

466 standard of the law. In 1941 one enterprise paid the equivalent of nine months' wages. In 1934 a case reached the Court which awarded only the dismissal allowance as provided by the law, but ordered payment of ten months' wages during strike—as the period during which workers refused to accept the conditions of discharge was called. The amount paid usually did not exceed two or three months' earnings. When this was exhausted there was no further fund on which to draw.

464 466 While in some cases workers clung to the opportunity to work by all possible means, refusing to accept discharge, in other cases there was an indifference to loss of employment which can only be explained by the fact that its conditions were such that its loss was not regretted. Many enterprises complained of a great labour turnover. This was particularly true in cotton textile mills where, though no accurate figures are available, the movement in and out constituted in some cases a traffic. A twelve hour day or night might well engender a feeling that loss of the opportunity to work so long was indeed little deprivation. Earnings, too, in many cases were not sufficient to be the cause of struggling to keep an employment which did not reward more completely. There was need of realization by employers that some of their troubles of labour turnover would have disappeared with more favourable, not to say more reasonable, conditions of work and rewards.

633 466 722 Following the outbreak of Pacific hostilities, many enterprises had to close. The question of discharge allowances was then one which affected simultaneously many workers and many factories. The Division exerted every effort to have a uniform and adequate basis of discharge allowance announced, and in a memorandum to the Japanese authorities pointed out the cost of living and the social significance of giving as generous a sum as possible in the absence of any unemployment insurance. Japanese financial authorities, however, refused to permit the announcement as a principle of more than one month's pay as discharge allowance, with a second month's if the worker left Shanghai, the amount to be payable at destination. Even this meagre amount the Japanese supervisors of some former foreign-owned plants would not permit: in some

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Article 29: Factories which terminate a contract in accordance with the provisions of Article 27 shall pay the workers, in addition to their regular wages, half of the wages due for the period of notification as stipulated in the said Article.

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

464 such as payment of intermediaries for assistance in obtaining employment, would be the establishment of public employment exchanges. It is impossible to provide work for the great unemployed population, largely unskilled in industrial employment, and far too numerous for industry to absorb. Prior to the Sino-Japanese hostilities, with an accompanying flight of refugees from nearby provincial areas to Shanghai, the hope of securing employment had induced many thousands to come to the city, leaving areas where famine, flood, civil war and banditry had deprived them of their means of livelihood. The constant superabundance of labour in the Settlement reduced standards of employment and at the same time discouraged the establishment of machinery to improve the methods of obtaining employment.

Nevertheless, alongside the mass of unskilled labour, there are skilled operatives whose continued employment should be encouraged in their own interests and in those of industry. Though for the most part no figures are available, there was in the past a consistent labour turnover. Especially in the textile trades, women workers who had acquired a skill left employment on slight pretexts, and there must therefore exist in the community a considerable body of workers possessing manual dexterity in certain processes which it would be in the interests of employers to be able to find when in need of additional employees. Many large textile mills found it necessary to operate schools of instruction, indicating that they have had difficulty in obtaining enough experienced workers for their needs.

There appears, therefore, to be a definitely useful social function to be undertaken by the authorities in the establishment of public employment exchanges even if, for the time being, this activity were restricted to the placement of skilled workers only. The Industrial Division in the past frequently possessed information concerning trends in certain industries. For example, during 1940 there was a diminution of activity among silk filatures, as a result of a shortage of cocoons in Shanghai, and concurrently six new worsted spinning and weaving enterprises opened. While the skills are not interchangeable, persons skilled in the handling of one fibre are likely to learn more easily the handling of a second. There were also opposing tendencies among cotton textile mills. One large group was forced to restrict operations while another

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

was expanding its sales. To have brought the latter group into contact with workers from the former would have constituted a distinct contribution to the welfare of both the employees and the employers. Such mass employment placement opportunities will occur again in future in interrelated trades, and there is a need for an employment agency which could act in this sphere. 464

In July 1942 some employers in the leather shoe trade, during the course of mediation of a dispute with employees, asked the Division whether it could assist in controlling the movement of workers from manufacturer to manufacturer during the busy season, when some employers, unable to find sufficient skilled workers, paid high prices to induce them to come into their employ. These employers sought to prevent freedom of action on the part of workers. But they were instead induced to sign a collective agreement in which discharge allowances were included, workers of longer standing getting substantially higher allowances, thus creating inducement to remain in original employment. The Division undertook to make a register of the skilled workers in the trade and to commence an experimental operation of a public employment exchange for this trade only. 464 633

As earlier indicated industry in Shanghai will be controlled during the period of its occupation by Japanese. The process had already begun by the middle of 1942. When it has progressed further it is likely that—if shipping is sufficient, for example, to bring rubber from Malaya and vegetable oils from the Netherlands Indies presently under Japanese control; if iron deposits in the vicinity of Nanking and Wuhu are developed; if the Chinese cotton crop is not entirely pre-empted by Japan—there will be some improvement in the employment situation. Hence in August 1942 recommendations were made that initial investigations and studies preparatory to the operation of public employment exchanges should be immediately begun. It is likely that progress may have been made even during the period of occupation.

Early in 1942, following the closure of many machine shops in Shanghai and the consequent throwing out of employment of mechanics and fitters, recruiting agents from Manchuria arrived in Shanghai. They came from steel rolling mills, from airplane plants, motor plants, mines, transportation enterprises. In view of the military occupation of Shanghai it was not possible to pre-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

464 633 vent the recruitment, but the Division exerted its influence to see that as far as possible workers who accepted service would do so willingly, that they knew to what they were going. Efforts were made with recruiters to have them given contracts in which was written a fixed period of service. Workers were to be told by the Division that if they lost contact with their families they could inform the Division. The object was to prevent employment at a distance from becoming a cause of broken families. As events turned out, recruiters met with little success. The Division refused to become a promoting agency, taking the stand that its function was to safeguard the interests of recruited workers. Chinese skilled workers refused to enlist. Some attempts later by Japanese military to requisition Chinese residents of the Settlement for forced labour with Japanese forces were checked upon representation of the Division and the active cooperation of the Japanese Chairman of the Council.

466 A DIFFICULTY IN obtaining employment which applies to both adult and young workers is the requirement by most industrial enterprises of a guarantee prior to employment. The would-be worker must find some one who is willing to guarantee that in the event of his proving unsatisfactory in employment the employer will be in some measure indemnified by a cash payment. In China there exists a "shop guarantee," where, in return for a fee, a business enterprise guarantees the good behavior of a worker. A guarantee is, of course, known in western employment relations, but for the most part it is required only of those in positions of high trust where the handling of funds is involved, when such employees are bonded by regular insurance companies in return for a payment.

The widespread use of the guarantee may form a difficulty in the path of a public employment service, but not necessarily an insuperable one. The existence of nepotism is more likely to prove an obstruction in getting the services of an employment office accepted. The desire of someone already employed to obtain work for a relative or neighbor has led to some occupations becoming the preserves of certain groups. Employers, too, feeling hesitant about employing those entirely unknown to them, like to take as new employees those recommended by their own work-

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

CHAPTER XI

SOME SPECIAL SOCIAL PROBLEMS

ENOUGH HAS BEEN SAID of the housing congestion in normal times and of the great overcrowding arising from hostilities to indicate that Shanghai, despite its normal extensive industry and commerce, must contain many more persons than can find employment. There is a permanent problem of destitution, aggravated at some periods, slightly less perhaps at others, but always there. To the low-waged worker in Shanghai must be added the army of chronically unemployed and completely unemployable.

Recent studies of Shanghai dwell at length on the refugee problem following the outbreak of hostilities in 1937.[1] After five years, a hard core of refugees remained, despite consistent efforts in the spring months of 1939 and 1940 to disperse aggregations of those in "refugee camps." The Shanghai Refugee Relief Association, which was organised in 1938 to take over work formerly handled by the Shanghai International Red Cross Committee, continued till the middle of 1942 to collect and disburse funds for the support of approximately 15,000 refugees, a residue of old, young, invalid and unemployable.

In addition to those cared for in camps, hundreds of destitute persons roamed the streets after 1937, miserably clad, often in the final stages of exhaustion. The numbers increased considerably after December 1941. These aggravated Shanghai's permanent beggar problem. Begging is endemic in many Oriental countries. Especially at festival times in the vicinity of temples the lame, the halt, the sick and the blind display themselves to the pious who make pilgrimages, relying on pity and the belief that it is an act of virtue to dispense alms. Whether caused by hunger and want or engaged in as a chosen profession, begging is chronic.

Toward the end of 1940 the Shanghai Municipal Council, the Salvation Army and the Shanghai Rotary Club attempted to deal

[1] See particularly R. W. Barnett, *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941.

3: Hinder G-5 (1939-1942) 1944 AF15 East China AF15

466 A study of the livelihood of the pullers made by the Industrial
494 Division showed that the puller had each day to pay forty-seven
per cent of his earnings for the rent of his vehicle. The large
427 number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

494 The Council adopted the Committee's recommendations that
the rental should be fixed by the Council, and that, in order to
745 form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

494 Pullers had to register with the police. The turnover in pullers
464 was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

494 With rising living costs in the years after 1937, owners of public
427 rickshas petitioned regularly for permission to increase ricksha
434 rents. To enable them to pay higher rental charges, ricksha pullers
511 had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.